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MEMORANDUM FOR: Acting Director of Central Intelligence
FROM : Deputy to the DCI for the Intelligence
Community
SUBJECT : Administrative Support

1. The Conference Committee Report, H.R. 14262, Department of Defense 1977 Appropriation under Title VIII, "Related Agency Intelligence Community Oversight", (see Tab A), established a separate appropriation for Intelligence Community oversight. This appropriation specifically was for the Intelligence Community Staff and reflected the sense of the Congress that the Intelligence Community Staff should have policy independence. You are, I know, familiar with this issue.

2. Since that appropriation act was passed there have been developments which have more clearly specified the intent of the Congress. Whereas the original Conference Committee Report stated that administrative services performed for the Intelligence Community Staff should be subject to reimbursement from that Staff, we now have a better understanding of the true intent of the Congress. I cite for you several examples:

A. The Congressional Record for the Senate of 13 September 1976 (see Tab B) shows the following dialogue between Senators Huddleston and McClellan:

"Senator Huddleston: The conference committee report states:

"Any such administrative services must be funded from the Intelligence Community oversight appropriation through transfers or other appropriate devices.

"Does this mean that the intelligence community staff may not receive assistance either in ad hoc personal services or incidental assistance, either personal or otherwise, from other Government organizations without paying for those services?"

"Senator McClellan: No... It was further recognized that incidental services such as classified trash collection, shuttle bus service, and assistance provided by community organizations as a 'service of common concern' could be made available to the IC staff without reimbursement... What we have in mind is to insure that the IC staff has sufficient independent resources to stand on its own two feet. This objective can be realized without going to extremes such as requiring reimbursement for each and every item or service rendered where it is

clearly reasonable and most efficient that the staff avail itself of services readily available elsewhere."

B. Director Bush by correspondence of 15 September 1976 (see Tab C) also raised the issue of the true intent of the Congress in correspondence to both Congressman Mahon and Senator McClelland. In response the following language is quoted from Senator McClellan's letter of 15 September 1976 (see Tab D):

"The Committee appreciates the nature of the Intelligence Community Staff and operations and the composition and function of the National Foreign Intelligence Board and understands that personnel support and assistance of a wide variety from intelligence community organizations will be required for which reimbursement need not be provided." Further, in response from Congressman Mahon, we note the following language (see Tab E):

"In your letter you point out that in normal day to day business, it is customary for government agencies to receive some kinds of minor assistance from other government agencies without reimbursement therefor. The guidelines for the financial operation of the Intelligence Community Staff should be those guidelines followed by other independent government organizations. Certainly, the Committee does not

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wish to impose undue administrative hardships
or to indulge in minutia."

3. In the spirit of the above interpretations of the intent of the Congress, I now ask that you authorize the Central Intelligence Agency to perform certain routine administrative functions on behalf of the Intelligence Community Staff. Specifically, I make reference to the range of personnel services such as referring clerical applicants, the entering on duty of detailed and assigned personnel, and the right of employees of this Staff to participate in the various service programs conducted by the Office of Personnel, such as the Northwest Federal Credit Union, the Employee Activity Association, etc. I would also include the services of your Office of Medical Services, the payrolling and accounting function of the Office of Finance, and logistical services which are not susceptible to individual billing. Should any request made of us to your Agency seem to contravene our understanding of the intent of the Congress by your Deputy Director for Administration, I would then recommend that we jointly consult your advice and a decision be made.

STATINTL

5 Atts

DDA Remarks to D/Pers & AD/DCI/IC: "Submitted per our conversation.
Please let me have your reaction."

Orig Draft - AD/DCI/IC w/atts (by hand)

1 Draft - D/Pers w/atts (by hand)

1 Draft - DDA Subject w/atts

1 Draft - DDA Chrono w/o atts

1 Draft - JFB Chrono w/o atts

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Extracted from: Conference Committee Report on HR 14262, Department of Defense
1977 Appropriation.

TITLE VIII—RELATED AGENCY

INTELLIGENCE COMMUNITY OVERSIGHT

Amendment No. 113: Appropriates \$5,600,000 for "Intelligence Community Oversight" as proposed by the House.

The conferees agreed that a separate appropriation for "Intelligence Community Oversight" would give increased independence and stature to the activities of the Intelligence Community Staff and to the National Foreign Intelligence Board. This independence will help assure vigorous oversight of the intelligence community.

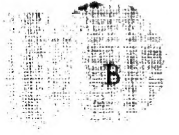
The conferees also agreed that a public appropriation would do no harm and could do much good as a symbol of the congressional intent that there be strong, central direction of the intelligence community. The conferees agreed, however, that other elements of the intelligence and intelligence-related budgets should not be revealed, since to do so could result in harmful effects to United States security.

The main desire of the conferees is to enable the Intelligence Community Staff and the National Foreign Intelligence Board to achieve policy independence. There is no intent to preclude the provision under the Economy Act and other general authorities of certain administrative services, including but not limited to, security, communications, financial, logistics, and computer services by other elements of the intelligence community (or even the non-intelligence community within the dictates of security). However, any such administrative services must be funded from the "Intelligence Community Oversight" appropriation through transfers or other appropriate devices. There is to be no augmentation of this appropriation, except by supplemental appropriations. There is also to be no carryover of unobligated funds, since this is intended to be an annual appropriation. The normal apportionment procedures of the Office of Management and Budget should apply to this appropriation. Within the above caveats, the conferees agreed that, to the extent it is permissible under existing law, the authorities granted to the Director of Central Intelligence and to the Central Intelligence Agency in regard to such activities as hiring and procurement practices may apply to the activities funded by the "Intelligence Community Oversight" appropriation.

While the conferees have no objection to provision of reimbursed support services from other sources, they feel it would be inappropriate to depend on other sources for policy sensitive services. To do so would be to deny the intent of Congress, which is that the Intelligence Community Staff and the National Foreign Intelligence Board be totally independent.

The Committees will expect that separate budget justifications and congressional testimony shall be presented in defense of the 1978 budget request for "Intelligence Community Oversight". This justification material in addition to the normal information concerning personnel levels and dollars requested, shall include a discussion of the principal achievements of the Intelligence Community Staff, the National Foreign Intelligence Board, and the Committee on Foreign Intelligence, including a summary by program and agency of the amounts requested and the amounts approved for intelligence and intelligence

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Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from North Dakota.

The PRESIDING OFFICER (Mr. HOLINGS). The Senator from North Dakota is recognized.

Mr. YOUNG. Mr. President, the distinguished chairman of the Committee on Appropriations (Mr. McCLELLAN) has provided a complete and detailed report on the conference for the fiscal year 1977 defense appropriations bill. I shall just highlight a few points concerning the actions of the conferees.

As the chairman has indicated, this \$104 billion bill is \$3.5 billion below the budget request for fiscal year 1977 and \$11.9 billion over the funding provided for fiscal year 1976. The conferees agreed to a \$1.1 billion reduction below the House bill and \$329 million above the Senate bill.

Mr. President, the conferees worked diligently in arriving at the funding level of \$104 billion for fiscal year 1977. There were 114 amendments considered by the conferees and these amendments required the conferees to agree on 407 individual items. Agreement on this number of items took several days of long and arduous effort.

Mr. President, this conference report provides the funding necessary to stop the downward trend of our defense capabilities. In particular, it provides a shipbuilding program that will start an upward trend for our naval forces. It will also provide the aircraft procurement necessary to support our tactical fighter and attack requirements for the next few years.

The conferees agreed to an \$87 million per month obligation, until February 1, 1977, for the B-1 bomber. This will permit the administration to maintain the level of effort for the production of the B-1 and yet restrict the use of most of the funds appropriated for the B-1 until the next administration, Republican or Democrat, has the opportunity to review the program.

Some prominent people in and out of Congress, and even a few seeking high public office, claim there still is \$5 to \$7 billion of fat in this bill. Few have indicated when such cuts could be made and when they did it was usually at the sacrifice of some of our most important weapons systems.

I am sure some of those proposing these cuts may take a different viewpoint now since the Russian pilot flew Russia's most modern fighter, the Foxbat, to Japan. The press stories are correct when they say that the Foxbat can fly higher and faster than any fighter we have. We believe though that the F-15 fighter now going into production is a better overall fighter than the Foxbat. Most of our military authorities believe, too, that the F-14 fighters, if we put a bigger engine on it along with its Phoenix missile, would be a better fighter than the Russian Foxbat.

This conference report provides the best compromises possible of the differences between the House and Senate bills. I believe it provides sufficient funds to maintain our defense, and I urge all my colleagues to support it.

I yield to the Senator from Kentucky (Mr. HUDDLESTON).

Mr. HUDDLESTON. Mr. President, I wish to engage in a colloquy with the distinguished Senator from Arkansas.

The conference committee report speaks of a separate appropriation to increase the independence and stature of the activities of the intelligence community staff and of the National Foreign Intelligence Board. Was it the intent of the committee that the appropriation cited in title VII cover the salaries and activities of the NFIB?

Mr. McCLELLAN. No. The appropriation is earmarked for the salaries and related activities of the intelligence community staff itself. The committee recognized that the National Foreign Intelligence Board and the various DCI committees are composed of representatives from other organizations of the intelligence community who pay the salaries of their respective representatives.

Mr. HUDDLESTON. The conference committee report states:

Any such administrative services must be funded from the Intelligence Community oversight appropriation through transfers or other appropriate devices.

Does this mean that the intelligence community staff may not receive assistance either in ad hoc personal services or incidental assistance, either personal or otherwise, from other Government organizations without paying for those services?

Mr. McCLELLAN. No. It was recognized that ad hoc task force, special committees, and study groups would be formed by the intelligence community staff with representatives from other community organizations with those organizations bearing the cost of the personal services. It was further recognized that incidental services such as classified trash collection, shuttle bus service, and assistance provided by community organizations as a "service of common concern" could be made available to the IC staff without reimbursement. However, salaries of the IC staff personnel, specific computer support rendered to the IC staff and those services which can be readily identified without an elaborate accounting mechanism should be funded through the intelligence community staff appropriation. What we have in mind is to insure that the IC staff has sufficient independent resources to stand on its own two feet. This objective can be realized without going to extremes such as requiring reimbursement for each and every item or service rendered where it is clearly reasonable and most efficient that the staff avail itself of services readily available elsewhere.

Mr. HUDDLESTON. Does the term in the conference committee report, "there is to be no augmentation of this appropriation except by supplemental appropriations" mean that the intelligence community staff may not receive incidental support and personal services from other community organizations?

Mr. McCLELLAN. No; but it does mean that the intelligence community staff may not receive funds from other organizations to supplement the appropriation.

Mr. HUDDLESTON. Does the term, "it would be inappropriate to depend upon other sources for policy sensitive services" mean that the DCI and the intelligence community staff could not avail themselves of support and guidance on policy issues regarding the intelligence community from individuals from the Office of the DCI?

Mr. McCLELLAN. No. The intent was to insure that policy support would not come from the CIA but would be issued under director Bush's responsibility as head of the intelligence community.

Mr. HUDDLESTON. Does the term, "intelligence community oversight" mean that the intelligence community staff has specific responsibility for insuring the propriety of the activities conducted by the intelligence community member organizations?

Mr. McCLELLAN. No. While the intelligence community staff would certainly call attention to any activity it thought was wrong, the responsibilities for insuring propriety of action rest with the respective organizations of the intelligence community.

Mr. HUDDLESTON. I thank the Senator.

ADDITIONAL STATEMENT

Mr. TAFT. Mr. President, I am going to vote for this conference report, because I believe we need to get this legislation finished and provide this money to our armed services.

However, I think some very serious problems have been created by this conference report, problems sufficiently serious that I would vote against it if it were not for the urgent need of our defense foray for the funds that have been included.

The first major deficiency in this conference report is its treatment of the B-1 bomber program. The B-1 is vitally needed if we are to maintain the strategic balance. Today, the Soviet Union has its equivalent of the B-1, the Backfire, in squadron service. In addition, the Soviets have deployed 4 new improved ICBM's; they have deployed at least 10 of the Delta class strategic missile submarines, which are the approximate equivalent of our Trident; they are developing new antimissile systems for strategic defense; they have a massive civil defense program underway; and they have in development another new family of ICBM's. To set against this massive program, we have only one new ICBM, the MX in very early development; we have our Trident program underway, although we will not have it in service until the 1980's; and we have the B-1 program. The action of the conference delays and throws doubt upon the B-1, which seems to imply that the Trident and the MX alone may be sufficient to meet the massive Soviet strategic program. Yet clearly, these other two programs alone would not be sufficient. Without the B-1, the strategic balance will inexorably shift in favor of the Soviet Union.

It is imperative that we go ahead with the B-1 bomber program on the planned schedule. We need to put the B-1 into production as soon as possible, and get service as soon as possible.

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Intelligence Community Staff

OLC 76-2611

15 SEP 1976

Honorable George Mahon, Chairman
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Honorable John L. McClellan, Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairmen:

The Conference Report on the Defense Appropriations bill for fiscal year 1977 expresses the desire of the Congress that there be complete financial and policy independence on the part of the Intelligence Community Staff and the National Foreign Intelligence Board. As you know, it is my intention that the IC Staff and the NFIB be objective and independent in their actions and support to the Director of Central Intelligence. However, I have some difficulty in interpreting certain portions of the language relating to Title VIII of the bill. The Report provides that while certain administrative services can be obtained from other sources (agencies and departments), such administrative services must be funded from the appropriation for Intelligence Community oversight in Title VIII of the bill. The Report also states that there is to be no augmentation of the appropriation except by supplemental appropriation.

A literal interpretation of the language of this section of the Report would preclude the Intelligence Community Staff from utilizing available Government services without paying for that support. For instance, if Intelligence Community Staff members ride one of the

Government shuttle busses, the IC Staff would be obliged to reimburse the department or agency concerned for the provision of that service. If computers of a governmental organization are utilized to resolve an Intelligence Community problem, or administrative routine, the IC Staff would be obliged to pay for that service, insignificant as it may be. Further, whenever the National Foreign Intelligence Board meets, or whenever the many DCI Committee members who support the NFIB engage in a Community meeting, the IC Staff would be required to reimburse the Community organizations for the services of those persons and for the cost of their travel to attend those meetings.

While I believe such a literal interpretation was not the intent of your Committee, nor the will of Congress, I do believe it was the intent of the Committees that the Intelligence Community Staff have sufficient resources that it would not be influenced or controlled by the organizations that comprise the Intelligence Community. You have my assurance that no such influence or control now exists, or ever will, as long as I am Director of Central Intelligence.

In practical terms, it would be an administrative nightmare for the IC Staff to keep time and attendance records of the close to one thousand representatives from the various Community organizations who attend meetings periodically in behalf of the Community mission and function. In fact, a most elaborate and costly accounting mechanism as well as a large administrative staff would have to be developed to permit accounting for the wide variety of administrative services and support now rendered by governmental organizations to the members of the IC Staff, the National Foreign Intelligence Board, and the DCI committees, free of charge. To do so would be virtually an impossible job, would impede the functions of the IC Staff and the National Foreign Intelligence Board and would be contrary to the principles of efficiency and economy of operations which I believe we all support.

I assumed it was the intent of the Committees that those activities of the IC Staff which can be readily identified and the salaries of personnel assigned full time to the IC Staff be funded from the IC Staff appropriation. However, representatives from the various Intelligence Community


organizations who sit on or support the NFIB or the DCI committees would receive their salaries from their parent organizations in accordance with normal Government practice. Routine and ad hoc administrative services which would not prompt a policy influence or control upon the IC Staff could be received without reimbursement to the organization providing those services.

Further, the IC Staff could call upon Community organizations as well as the Government at large to provide expertise and technical assistance to various ad hoc study efforts or task forces that might be formed to carry out a Community mission without obligation to reimburse the contributing organizations.

You have my commitment that the guiding principle to the IC Staff and the NFIB is that total objectivity is to be the hallmark of all intelligence reports, estimates and actions.

I trust that you agree with the above principles. If so, I would appreciate your confirmation of this interpretation of the report. I will shortly submit to you a supplemental budget request for additional funds to appropriation to pay for the additional number of personnel and related expenses of the IC Staff as I now envision them.

Sincerely,



George Bush
Director

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Roman L. Hruska, NEBR.
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CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS

WASHINGTON, D.C. 20510

September 15, 1976

The Honorable George Bush
Director of Central Intelligence
Washington, D. C.

Dear Mr. Bush:

This is in response to your letter of September 15, 1976, concerning language in the report of the committee of conference on the Department of Defense Appropriations Bill, 1977, with regard to oversight of the intelligence community (Title VIII).

The Senate Committee on Appropriations agrees that your understanding of the report language is reasonable and proper and is reassured by your commitment to objectivity and independence in the functions of the Intelligence Community Staff and the National Foreign Intelligence Board.

The Committee appreciates the nature of the Intelligence Community Staff and operations and the composition and function of the National Foreign Intelligence Board and understands that personnel support and assistance of a wide variety from intelligence community organizations will be required for which reimbursement need not be provided.

This Committee intends that the size of the Intelligence Community Staff be kept to an absolute minimum and will be watching with interest. There may be times when the Chairman or a member of the Committee on Foreign Intelligence requires assistance from a staff member who is not a full time Intelligence Community Staff assistant and not paid from the appropriation in the aforementioned title of the bill. This procedure, however, is not to be used as a means for increasing the size of the Intelligence Community Staff or eroding its "policy independence."

With kind regards, I am

Sincerely,

John L. McClellan

John L. McClellan

Chairman

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Congress of the United States
House of Representatives
Committee on Appropriations
Washington, D.C. 20515

September 27, 1976

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Honorable George Bush
Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Mr. Bush:

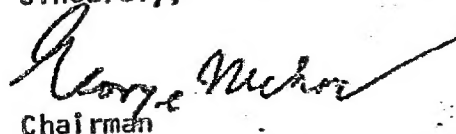
This is in response to your letter of September 15, 1976 with regard to the financing of the Intelligence Community Staff. As was stated in the conference report, it is the intent of the Committee and of the Congress that the Intelligence Community Staff have sufficient resources to be independent of the various organizations that comprise the intelligence community. The purpose of the Intelligence Community Staff could not be realized if the staff were to be unduly influenced or controlled by any part of the Intelligence community.

In your letter you point out that in normal day to day business, it is customary for government agencies to receive some kinds of minor assistance from other government agencies without reimbursement therefor. The guidelines for the financial operation of the Intelligence Community Staff should be those guidelines followed by other independent government organizations. Certainly, the Committee does not wish to impose undue administrative hardships or to indulge in minutia. We must, however, insist that the normal day to day cost of operating the Intelligence Community Staff be funded in budgets and from appropriations for the Intelligence Community Staff. Of course, very minor routine services could be accepted from other agencies but this should not be construed in such a way as to fund any meaningful part of the cost of operation of the Intelligence Community Staff with funds other than those

specifically appropriated for that purpose. As I stated on the Floor of the House during consideration of the conference report on the Defense Appropriation Bill, services such as legislative liaison and general counsel are not considered to be routine.

I am fully aware of and appreciative of your personal commitment to total objectivity in all intelligence reports, estimates and actions. It is our desire to assist you in this matter by establishing administrative machinery which reflects this commitment.

Sincerely,


Chairman